

**Qualified seed capital business** investment reporting form

► Use only for investments made on or after January 1, 2005

**Instructions for qualified business**

Use this form only if you have been certified by the North Dakota Commerce Department's Division of Economic Development and Finance as a qualified business for purposes of the seed capital investment tax credit program under N.D.C.C. ch. 57-38.5. **Use this form only for investments made on or after January 1, 2005.**

You must complete and file this form for each qualified investment received. A qualified investment is one that meets all of the following conditions:

- The investment must be made in cash.
- The investment is made by an eligible taxpayer. An eligible taxpayer means an individual, estate, trust, partnership, regular ("C") corporation, S corporation, or limited liability company. An eligible taxpayer **does not** include a real estate investment trust, a taxpayer having more than a 50 percent ownership interest in the business, or a taxpayer whose full-time professional activity is the operation of the business. A spouse, parent, sibling, or child (or the spouse of a sibling or child) of an ineligible individual is also ineligible.
- The investment is at risk. An investment is at risk when it is available to the business for its use.

Monies placed in escrow **are not** at risk, and do not become an eligible investment until the date they are paid out of escrow to the business.

Give two copies of the completed form to the investor—one for the investor's tax return and one for the investor's files. Keep a copy for your files.

File a copy of this form with each of the following agencies:

- Office of State Tax Commissioner  
600 E. Boulevard Ave. Dept. 127  
Bismarck, ND 58505-0599
- Economic Development & Finance  
PO Box 2057  
Bismarck, ND 58502-2057

**Instructions for investor**

This form is evidence of your investment in a qualified seed capital business. You must attach a copy of this form to your North Dakota income tax return for each tax year in which you claim the tax credit. The first tax year in which the credit must be claimed is the tax year in which you made the investment.

**Amount of tax credit.** The allowable credit is equal to 45 percent of the smaller of (1) the total amount invested in all qualified seed capital businesses during

the tax year or (2) \$250,000. The amount of the allowable credit that may be used in any tax year is limited to one-third of the allowable credit. The amount of the allowable credit not used in the tax year the investment was made may be carried over to the following four tax years.

**Passthrough entity.** If you are a partnership, S corporation, trust, or a limited liability company treated like a partnership, the tax credit must be passed through to the owners or beneficiaries in proportion to their respective interests in the entity. See the instructions to Form 38 (trust), Form 58 (partnership), or Form 60 (S corporation) for information on reporting the credit to the owners or beneficiaries.

**If you have any questions. . .****Call**

- (701) 328-3450
- TDD/TTY users—1-800-366-6888  
(Ask for 701-328-3450)

**E-mail**

individualtax@state.nd.us

**Write to**

Office of State Tax Commissioner  
600 E. Boulevard Ave. Dept. 127  
Bismarck, ND 58505-0599

**Investment information ▼****Date of investment ►****Amount of investment ►**

Investor's tax type: ☐ Individual ☐ Partnership ☐ Corporation ☐ S corporation ☐ Estate/trust  
☐ Limited liability company

Name of investor \_\_\_\_\_

Social security number or FEIN \_\_\_\_\_

Spouse's name, if joint investment \_\_\_\_\_

Spouse's social security number \_\_\_\_\_

Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_

**Business certification ▼**

Name of qualified business \_\_\_\_\_

FEIN \_\_\_\_\_

Signature of authorized representative \_\_\_\_\_

Date \_\_\_\_\_

Printed name of authorized representative \_\_\_\_\_